

Message Text

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12

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

AGR-20 L-03 H-03 PA-03 PRS-01 USIA-15 RSR-01 /180 W

----- 069109

R 271701Z JUL 73

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 6296

UNCLAS MADRID 4198

E.O. 11652: N/A

TAGS: ECON SP

SUBJECT: INFLATIONARY RATE ACCELERATING TO RECORD LEVELS.

1. THE OFFICIAL GOS STATISTICAL AGENCY JUST RELEASED THE JUNE COST OF LIVING DATA WHICH REFLECTED A JUMP OF 1.45 PERCENT OVER THE PREVIOUS MONTHS. PROJECTING THE SECOND QUARTER 1973 DATA, RESULTS IN A 17.6 PERCENT ANNUAL RATE OF INFLATION. LOOKING BACKWARDS, THE INCREASE IN THE INDEX NUMBER OF JUNE 1973 OVER THE SAME MONTH IN 1972 RESULTS IN A 12.1 PERCENT INCREASE. THESE RATES ARE THE HIGHEST RECORDED IN SPAIN SINCE 1965.

2. THE COMPONENT CONTRIBUTING MOST TO THE RISE IN THE OVERALL INDEX OF COST OF LIVING WAS FOOD. THE SECOND QUARTER 1973 DATA TRANSLATED TO AN ANNUAL BASIS REVEALS A STARTLING 23.3 PERCENT INCREASE. THE INCREASE OVER THE PAST 12 MONTHS IN THE COST OF FOOD ACCORDING TO THESE OFFICIAL STATISTICS WAS 14.7 PERCENT.

3. THESE SPECTACULAR RATES OF INCREASE IN THE COST OF LIVING SHOULD SPARK THE GOVERNMENT TO ADOPT MORE EFFECTIVE ANTI-INFLATIONARY MEASURES THAN IT HAS TO DATE. AT NO OTHER TIME IN THE RECENT PAST HAVE

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COST-OF-LIVING INCREASES COME SO CLOSE TO WAGE

RATE INCREASES; (THEY ARE NOW VIRTUALLY EQUAL) SO THAT
NO REAL WAGE GAINS ARE NOW BEING REFLECTED. HOWEVER WHILE
BOTH GOVERNMENT AND LABOR HAVE AMPLE MOTIVATION TO
TAKE ACTION TO RECTIFY THE SITUATION, IT IS NOT
ABSOLUTELY SURE THAT ANYTHING WILL BE DONE UNTIL
FALL SINCE BOTH GOVERNMENT AND LABOR ARE ENTERING
INTO THEIR SUMMER VACATION DOLDRUMS. THE RESULT
MAY BE THE POSTPONING OF A VERY SERIOUS
ALTERATION OF THE ECONOMIC STATUS QUO.
RIVERO

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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EO Systematic Review
30 JUN 2005

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